

Are Community-Based Forest Enterprises Economically Viable? Combined Training and Participatory Research to Analyze Costs and Benefits for Two Cases in the Brazilian Amazon

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Few studies exist of the financial viability of community-based forestry enterprises (CFEs) in the tropics, and CFEs rarely have the technical capacity to perform such analysis. Knowledge of the economic sustainability of specific CFEs and community forestry in general is lacking. This study implemented two workshops combining training in basic financial analysis and participatory research in economic viability of CFEs with the AMBE Project, in Pará, and the Mamirauá Sustainable Development Institute (MSDI), in Amazonas, Brazil. AMBE is an industrial-scale operation implemented by a cooperative of communities in the Tapajos National Forest. The MSDI provides technical assistance to 26 small CFEs in the Mamirauá Sustainable Development Reserve. The participants included professional foresters and technicians, many from local communities. For each workshop, basic financial concepts were presented, and regional financial case studies were discussed. Then, costs were compiled by forestry activity and total costs were calculated. The AMBE project used cost data collected during field operations; Mamirauá participants used a model case based on data for the CFEs in the Reserve. Then total income was calculated. AMBE income was based on actual 2007 data; for Mamirauá, income was estimated for four scenarios that differed by product sold and subsidies used. Both cases could be economically viable, including all four scenarios for the Mamirauá case, when the study's assumptions are met. Benefits of this methodology include improved participant preparation to continue financial viability analysis of their cases, and improved data collection quality and results discussion from participants' direct knowledge of the cases.

Keywords: community-based forest management, economic viability, Amazon, Brazil, participatory research

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